

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Modification of Service Performance Measurement  
Plan

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Docket No. PI2021-3

**COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE  
(September 17, 2021)**

Pursuant to Order No. 5975, the Association for Postal Commerce ("PostCom") submits these comments on the Postal Service's proposed modifications to its service performance measurement plan. The changes proposed by the Postal Service are occasioned by the Postal Service's decision to degrade service standards for First-Class Mail. The Postal Service's proposal, and the short comment period allowed, suggest that the Commission and the Postal Service are treating this proposal as a routine matter. As explained below, the plan proposed by the Postal Service is inadequate and requires significant modification if the interests of postal customers are to be protected.

**I. SERVICE MEASUREMENT SHOULD ENABLE MEANINGFUL  
INTERPRETATION BY INTERESTED PARTIES**

The changes in service standards that the Postal Service intends to implement on October 1 will fundamentally change the service that customers of the Postal Service experience, and they will render comparisons with earlier periods meaningless as some Origin/Destination pairs that are currently under a three-day standard will henceforth be under four-day or five-day standards.

The "Scores Reports" that the Postal Service files on a quarterly basis estimate the percentage of pieces delivered within the prescribed service standards. According to the Postal Service's request, in FY2022, it will report scores by District for mail that now falls under a three-to-five-day standard by each discreet delivery standard, *i.e.*, separate reporting for four-day

and five-day mail. On the surface, that change appears to provide greater granularity and transparency. In fact, it will make meaningful comparisons with FY2021 results impossible.

The Commission should require that the Postal Service continue to measure and report on service performance relative to the existing standards indefinitely. The Postal Service will be free to measure service relative to the new standards and to award bonuses and issue press releases accordingly. The sheer number of comments – virtually unanimous in their preference – filed in Docket No. N2021-1 indicates the importance of First-Class Mail service performance to the public at large. While the Commission lacked the legal authority to prevent these unwelcome changes, it should not shirk its responsibility to facilitate transparent and effective reporting on First-Class Mail service.

The Commission should also use this opportunity to reconsider the granularity of reporting categories. First-Class Mail and USPS Marketing Mail both comprise billions of pieces of mail and are used by companies and individuals for many different purposes. Separate reporting by shape allows for some refinement of measurement, but the near universal adoption of the intelligent mail barcode, and more recently seamless acceptance—both encouraged by discounts—offer untapped opportunities for the Postal Service to report on service in ways that would be more useful to customers and the Commission.

For instance, remittance mail is likely to be more adversely impacted by the Postal Service's service standards changes than other First-Class Mail as both the bill and subsequent payment may experience longer delivery times depending on the location(s) of the biller and the consumer. While remittance mail volume is substantial, it comprises a subset of First-Class Mail which may have different performance characteristics than the classification as a whole.

In response to concerns over delayed election mail, the Postal Service used Service Type Identifiers (STID) to track and report on ballot mail, clearly indicating that, given the appropriate inducement, more granular reporting on mail products is both achievable and desirable.

The changes in service standards which precipitated the Postal Service request are intended to enable the Postal Service to make greater use of surface transportation, which it claims will provide greater reliability relative to air transportation. Yet the Postal Service's measurement plan is silent on transportation modes. Given the relatively meager savings that the Postal Service expects to achieve from these changes, the Commission ought to exercise great care in determining whether the Postal Service's plans are being achieved. Rather than strictly reporting based on administrative districts, the Commission should direct the Postal Service to report on specific origination/destination pairs and to identify which pairs are served via air transportation or surface.

## **II. THE PROPOSED MEASUREMENT PLAN ILLUSTRATES THE SHORTCOMINGS OF CURRENT REPORTING**

Because the Commission lacks the legal authority to set service standards, the actual standards themselves are arbitrarily determined by the Postal Service. As a result, measurement based on the percentage of mail pieces that are delivered in accordance with those standards are, by definition, lacking any objective reference point. Ninety percent on time in FY2022 will not be the same as ninety percent on time in FY2021.

The Commission should use the Postal Service's request as an opportunity to consider alternative approaches to measuring actual performance. For example, instead of a percentage declared to be "on time", the Postal Service could report – by Origin/Destination pair – on mean days to deliver, including relevant variance. The Postal Service already collects data allowing reporting in this fashion, and mean days to deliver is "standards agnostic," which would allow

reliable comparisons over time. While in the ordinary case, the cost of this additional data might exceed its value, the present situation is not the ordinary case. Rather, the Postal Service has deliberately and knowingly set out to degrade its premier service; as a result, if the Commission does not require the origin-destination data to be provided, it must at the least explicitly recognize that information may be sought by affected mailers in appropriate situations and must therefore be retained by USPS.

In addition to the metrics themselves, the Commission should increase emphasis on the quantity of mail that is escaping measurement. The Commission allows the Postal Service to exclude many mail pieces from performance reporting. These exclusions create an incomplete picture and actually present a perverse incentive for the Postal Service to not scan pieces that will clearly fail to meet service standards. In the last year, commercial mailers have observed measurable reductions in scan rates with no clear explanation. The Commission can, and should, require reporting on all pieces of mail bearing a barcode.

### **III. THE COMMISSION SHOULD CONDUCT A SEPARATE RULEMAKING PROCEEDING**

In our comments on the FY2020 ACR, PostCom recommended that chronic underperformance by the Postal Service was sufficiently concerning that a separate rulemaking was warranted. Unfortunately, that recommendation was casually dismissed by the Commission. A few short months later, the Postal Service decided to exercise its prerogative to degrade First-Class Mail service to facilitate reporting that will cast this chronic underperformance in a more favorable light. In dismissing PostCom's concerns, the Commission shifted the burden of regulation by positing that afflicted parties could submit a request. That is frankly an alarmingly passive approach to regulation and may help to explain in part why the Postal Service can reduce service and inflict unprecedented price increases on captive users of its network.

These questions of service standards and service performance are not merely academic. Failures of service do not just inconvenience senders and recipients of mail matter. Rather, they have significant financial consequences for both individuals and business users of the mail. As these consequences accrue, the value of the mail declines, and the Postal Service's customers will look for alternatives where they can.

The consequences to individuals should be obvious. Late-delivered invoices and payments can lead to service cancellations and impacts to consumers' credit with long-lasting consequences. In an effort to avoid such consequences, consumers will continue to shift to electronic bill payment, furthering the trend of declining First-Class Mail volume.

The Postal Service's business customers rely on the Postal Service's service standards to plan marketing campaigns, schedule call center coverage, and time invoices and remittance payments. Delayed mail disrupts these carefully coordinated plans. For instance, when an offer is expected in home in 3 days, the mailer will staff a call center based on the call volume it will expect to receive once that offer arrives. If the offer arrives in 7 days instead, not only will the mailer have paid its call center staff to receive calls that never arrived, but it may not have sufficient staffing available to handle the call volume when the offer does arrive. The mailer will lose sales and frustrate its customers. And it will then seek alternative marketing channels that are more predictable and reliable.

The Commission's job is not solely to support the Postal Service. It must also protect postal customers by ensuring the Postal Service carries out its mandate.

#### **IV. CONCLUSION**

PostCom respectfully offers the foregoing comments on the Postal Service's service measurement plan. As noted above, the contents of the Postal Service's plan raise serious concerns. Given perpetual underperformance on service, the Commission ought to initiate a

separate rulemaking proceeding to develop a performance review and reporting process that will enable customers of the Postal Service to receive the service for which they have paid.

Respectfully Submitted,

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